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DEPARTMENT OF COMMERCE

International Trade Administration

(A-475-835)

Finished Carbon Steel Flanges from Italy: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that finished carbon steel flanges from Italy are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through March 31, 2016. The estimated weighted-average dumping margins of sales at LTFV are shown in the “Preliminary Determination” section of this notice. Interested parties are invited to comment on this preliminary determination.

DATES: Effective [Insert date of publication in the *Federal Register*.]

FOR FURTHER INFORMATION CONTACT: Edythe Artman or Moses Song, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3931 or (202) 482-5041, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on July 20, 2016.¹ We selected two mandatory respondents in this investigation, Metalfar Prodotti Industriali S.p.A. (Metalfar) and Officine Ambrogio Melesi & C. S.r.l. (Melesi). For a complete description of the events that followed the initiation of this investigation, *see* the memorandum that is dated concurrently with this determination and hereby adopted by this notice.² A list of topics in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is made available to the public *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and is available to all parties in the Department's Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is finished carbon steel flanges from Italy. For a complete description of the scope of the investigation, *see* the "Scope of the Investigation" in Appendix I of this notice.

¹ *See Finished Carbon Steel Flanges from India, Italy, and Spain: Initiation of Less-Than-Fair Value Investigations*, 81 FR 49619 (July 28, 2016) (*Initiation Notice*).

² *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, entitled "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Finished Carbon Steel Flanges from Italy" (Preliminary Decision Memorandum), dated concurrently with this notice.

Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice*. The scope published in the *Initiation Notice* contained several typographical errors, which have been corrected in Appendix I.

Methodology

The Department is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Pursuant to section 776(a) of the Act, the Department is preliminarily relying upon facts otherwise available to assign an estimated weighted-average dumping margin to the mandatory respondents in this investigation because both respondents failed to timely provide necessary information requested by the Department, withheld requested information, and significantly impeded the investigation. Further, the Department is preliminarily determining that these mandatory respondents failed to cooperate by not acting to the best of their abilities to comply with requests for information and, thus, the Department is applying adverse facts available (AFA) to the respondents, in accordance with section 776(b) of Act. For a full description of the methodology underlying our preliminary determination, *see* Preliminary Decision Memorandum.

All-Others Rate

Section 733(d)(1)(A)(ii) of the Act provides that, in the preliminary determination, the Department shall determine an estimated “all-others” rate for all exporters and producers not individually investigated, in accordance with section 735(c)(5) of the Act. Section 735(c)(5)(A) of the Act states that, generally, the estimated rate for all-others shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any

margins determined entirely under section 776 of the Act. The estimated weighted-average dumping margins in this preliminary determination were calculated entirely under section 776 of the Act. In cases where no weighted-average dumping margins other than that of zero, that of *de minimis*, or those determined entirely under section 776 of the Act have been established for individually examined entities, in accordance with section 735(c)(5)(B) of the Act, the Department has previously used the simple average of the margins calculated in the petition and applied the result to “all-other” entities not individually examined.³

In the petition, Weldbend Corporation and Boltex Manufacturing Co., L.P. (collectively, Petitioners) calculated three dumping margins for subject merchandise from Italy.⁴ Consistent with our practice, we preliminarily assigned the simple average of these margins, which results in 79.17 percent, as the “all-others” rate in this investigation.⁵

Preliminary Determination

The Department preliminarily determines that finished carbon steel flanges from Italy are being, or are likely to be, sold in the United States at LTFV, pursuant to section 733 of the Act, and that the following estimated weighted-average dumping margins exist:

³ See *Steel Threaded Rod from Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances*, 78 FR 79670, 79671 (December 31, 2013), unchanged in *Steel Threaded Rod from Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 79 FR 14476, 14477 (March 14, 2014); see also *Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 21909 (April 23, 2008); unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 38986 (July 8, 2008).

⁴ See Petitions for the Imposition of Antidumping Duties on Imports of Finished Carbon Steel Flanges from India, Italy and Spain and Countervailing Duties on Imports from India, dated June 30, 2016 (the Petition) at Volume III; see also Letter from Petitioners to the Department, regarding “Finished Carbon Steel Flanges from Italy: Second Supplemental Questionnaire Response,” dated July 13, 2016.

⁵ See *Certain Iron Mechanical Transfer Drive Components From Canada: Final Affirmative Determination of Sales at Less Than Fair Value*, 81 FR 75039 (October 28, 2016), and accompanying Issues and Decision Memorandum at Comment 2; see also *Certain Oil Country Tubular Goods From Thailand: Preliminary Determination of Sales at Less Than Fair Value, and Postponement of Final Determination*, 79 FR 10487 (February 25, 2014), and accompanying Preliminary Decision Memorandum, unchanged in *Certain Oil Country Tubular Goods From India, the Republic of Korea, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Antidumping Duty Orders; and Certain Oil Country Tubular Goods From the Socialist Republic of Vietnam: Amended Final Determination of Sales at Less Than Fair Value*, 79 FR 53691 (September 10, 2014).

Exporter/Manufacturer	Weighted-Average Dumping Margin (percent)
Metalfar Prodotti Industriali S.p.A.	204.53
Officine Ambrogio Melesi & C. S.r.l./ASFO S.p.A.	204.53
All Others	79.17

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of finished carbon steel flanges from Italy, as described in the “Scope of the Investigation” in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits⁶ equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) the rate for the mandatory respondents listed above will be the respondent-specific rates we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject

⁶ See *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042 (October 3, 2011).

merchandise; and (3) the rate for all other producers or exporters will be the all-others rate. The suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, the Department discloses the calculations performed in connection with a preliminary determination to interested parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Because the Department preliminarily applied total AFA to each of the mandatory respondents in this investigation, in accordance with section 776 of the Act, there are no calculations to disclose.

Verification

Because the mandatory respondents in this investigation did not provide information requested by the Department, the Department will not conduct verifications of company responses.

Public Comment

Interested parties are invited to comment on this preliminary determination no later than 30 days after the date of publication of the preliminary determination.⁷ Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.⁸ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests

⁷ See 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements). The Department has exercised its discretion under 19 CFR 351.309(c)(1)(i) to alter the time limit for submission of case briefs.

⁸ See 19 CFR 351.309(d)(1); *see also* 19 CFR 351.303 (for general filing requirements).

should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. 19 CFR 351.210(e)(2) requires that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Respondent Melesi has requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until no later than 135 days after the publication of the preliminary determination in the *Federal Register*, in accordance with section 735(a)(2)(A) of the Act. Melesi also requested the extension of the

application of the provisional measures prescribed under section 733(d) of the Act from a four-month period to a period not to exceed six months, in accordance with 19 CFR 351.210(e)(2).⁹

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are postponing the final determination until no later than 135 days after the publication of this notice in the *Federal Register* and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, we will issue our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.¹⁰

International Trade Commission Notification

In accordance with section 733(f) of the Act, we are notifying the International Trade Commission (ITC) of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry. This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

⁹ See Letter from Melesi, regarding “Antidumping Duty Investigation of Finished Carbon Steel Flanges from Italy: Request to Extend Antidumping Duty Final Determination in the Event of an Affirmative Preliminary Determination,” dated January 18, 2017.

¹⁰ See 19 CFR 351.210(b)(2) and (e).

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

January 26, 2017

Date

Appendix I

Scope of the Investigation

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.*, 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.*, flat face, full face, raised face, *etc.*), configuration (*e.g.*, weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term “carbon steel” under this scope is steel in which:

- (a) iron predominates, by weight, over each of the other contained elements:
- (b) the carbon content is 2 percent or less, by weight; and
- (c) none of the elements listed below exceeds the quantity, by weight, as indicated:
 - (i) 0.87 percent of aluminum;
 - (ii) 0.0105 percent of boron;
 - (iii) 10.10 percent of chromium;
 - (iv) 1.55 percent of columbium;
 - (v) 3.10 percent of copper;
 - (vi) 0.38 percent of lead;
 - (vii) 3.04 percent of manganese;

- (viii) 2.05 percent of molybdenum;
- (ix) 20.15 percent of nickel;
- (x) 1.55 percent of niobium;
- (xi) 0.20 percent of nitrogen;
- (xii) 0.21 percent of phosphorus;
- (xiii) 3.10 percent of silicon;
- (xiv) 0.21 percent of sulfur;
- (xv) 1.05 percent of titanium;
- (xvi) 4.06 percent of tungsten;
- (xvii) 0.53 percent of vanadium; or
- (xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum:

1. Summary
2. Background
3. Period of Investigation
4. Scope of the Investigation
5. Scope Comments
6. Postponement of Final Determination and Extension of Provisional Measures
7. Affiliations and Collapsing of Affiliates
8. Application of Facts Available and Use of Adverse Inference
9. Calculation of All-Others Rate
10. Verification
11. Conclusion

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